

**§ 842.504**

**5 CFR Ch. I (1–1–14 Edition)**

(2) The last day of the month before the first month for which the individual would, upon proper application, be entitled to social security benefits.

[52 FR 4479, Feb. 11, 1987, as amended at 56 FR 173, Jan. 3, 1991]

**§ 842.504 Amount of annuity supplement.**

(a) Subject to paragraph (b) of this section, an annuity supplement is an amount equal to the old-age insurance benefit payable under title II of the Social Security Act, multiplied by a fraction—

(1) The numerator of which is the annuitant's total service creditable under FERS, excluding military service not performed during an absence of leave without pay from civilian service, rounded to the nearest whole number of years not exceeding 40 years; and

(2) The denominator of which is 40.

(b)(1) The benefit referred to in paragraph (a) of this section is computed—

(i) As if the annuitant were age 62 and fully insured on January 1 of the year the annuity supplement commences;

(ii) Without regard to the Social Security earnings test (section 203 of the Social Security Act);

(iii) Without regard to the Social Security windfall elimination provisions (sections 215(a)(7) and 215(d)(5) of the Social Security Act); and

(iv) Using the actuarial reduction (section 202(q) of the Social Security Act) prescribed in the following table:

Year of Birth	Reduction (percent)
1937 and before .....	20
1938 .....	20 <sup>5</sup> / <sub>6</sub>
1939 .....	21 <sup>2</sup> / <sub>3</sub>
1940 .....	22 <sup>1</sup> / <sub>2</sub>
1941 .....	23 <sup>1</sup> / <sub>3</sub>
1942 .....	24 <sup>1</sup> / <sub>6</sub>
1943–54 .....	25
1955 .....	25 <sup>5</sup> / <sub>6</sub>
1956 .....	26 <sup>2</sup> / <sub>3</sub>
1957 .....	27 <sup>1</sup> / <sub>2</sub>
1958 .....	28 <sup>1</sup> / <sub>3</sub>
1959 .....	29 <sup>1</sup> / <sub>6</sub>
1960 and later .....	30

(2) In computing the primary insurance amount—

(i) The number of elapsed years used to compute the number of benefit computation years does not include the

years beginning with the year in which the annuity supplement commences;

(ii) For an employee or Member who retires under §§ 842.205, 842.206, 842.209, or 842.211 before reaching the minimum retirement age, wages in calendar years beginning after the date of separation on which the retirement is based, are deemed to be zero.

(iii) Only basic pay for full calendar years of service creditable under FERS is taken into account in computing the retiree's wages for a benefit computation year;

(iv) For a benefit computation year after age 21 during which the retiree did not perform a full calendar year of service creditable under FERS the retiree's wages are deemed to equal the product of—

(A) The National Average Wage Index (as determined by the Commissioner of the Social Security Administration) corresponding to that year, multiplied by

(B) A fraction—

(1) The numerator of which is the retiree's basic pay for his or her first full year of service creditable under FERS; and

(2) The denominator of which is the National Average Wage Index (as determined by the Commissioner of the Social Security Administration) corresponding to the retiree's first full year of service creditable under FERS.

[52 FR 4479, Feb. 11, 1987, as amended at 69 FR 69806, Dec. 1, 2004]

**§ 842.505 Reduction in annuity supplement because of excess earnings.**

(a)(1) Except as provided in paragraphs (a)(2) and (b) of this section, the annuity supplement payable under § 842.504 is reduced by excess earnings in the test year, divided by twelve.

(2) Any annuity supplement payable during the year in which an individual loses entitlement to the annuity supplement by reason of § 842.503(c) is reduced by excess earnings in the test year divided by the number of months for which the annuity supplement is payable.

(b) Any reduction in the annuity supplement during a month because of excess earnings may not exceed the amount of annuity supplement payable during that month.

(c) Earnings and estimated earnings for each test year will be furnished by retirees in a form prescribed by OPM.

(d) Failure to furnish earnings and estimated earnings in the form or at the times prescribed by OPM is cause to suspend payment of the supplement until the annuitant establishes to the satisfaction of OPM that he/she continues to be eligible for the supplement.

(e) The reductions described in paragraphs (a) and (b) of this section are not subject to the due process procedures described in 5 U.S.C. 8461(e).

### Subpart F—Survivor Elections

SOURCE: 52 FR 2061, Jan. 16, 1987, unless otherwise noted.

#### § 842.601 Purpose.

This subpart explains the survivor annuity elections available under FERS for retirees, and retiring employees and Members, and the actions that they must take to provide these survivor annuities.

#### § 842.602 Definitions.

In this subpart—

*Current spouse* means a living person who is married to the employee, Member, or retiree at the time of the employee's, Member's, or retiree's death.

*Current spouse annuity* means a recurring benefit under FERS that is payable (after the employee's, Member's or retiree's death) to a current spouse who meets the requirements of § 843.303 of this chapter.

*Deposit* means a deposit required to provide a survivor benefit. *Deposit*, as used in this subpart, does not include a service credit deposit or redeposit.

*FERS* means chapter 84 of title 5, United States Code.

*First regular monthly payment* means the first annuity check payable on a recurring basis (other than an estimated payment or an adjustment check) after OPM has initially adjudicated the regular rate of annuity payable under FERS and has paid the annuity accrued since the time of retirement. The *first regular monthly payment* is generally preceded by estimated payments before the claim can be adjudicated and by an adjustment

check (including the difference between the estimated rate and the initially adjudicated rate).

*Former spouse* means a living person who was married for at least 9 months to an employee, Member, or retiree who performed at least 18 months of creditable service under FERS. The "former spouse's" marriage to the employee must have been terminated prior to the death of the employee, Member, or retiree.

*Former spouse annuity* means a recurring benefit under FERS that is payable to a former spouse after the employee's, Member's, or retiree's death.

*Fully reduced annuity* means the recurring payments under FERS received by a retiree who has elected the maximum reduction in his or her annuity to provide a current spouse annuity and/or a former spouse annuity or annuities.

*Insurable interest rate* means the recurring payments under FERS to a retiree who has elected a reduction in annuity to provide a survivor annuity to a person with an insurable interest in the retiree.

*Marriage* has the same meaning as in § 843.102 of this chapter.

*Member* means a Member of Congress.

*Net annuity* means the net annuity as defined in § 838.103 of this chapter.

*One-half reduced annuity* means the recurring payments under FERS received by a retiree who has elected one-half of the full reduction in his or her annuity to provide a partial current spouse annuity or a partial former spouse annuity or annuities.

*Present value factor* means the amount of money (earning interest at an assumed rate) required at the time of retirement to fund an annuity that starts out at the rate of \$1 a month and is payable in monthly installments for the annuitant's lifetime based on mortality rates for non-disability annuitants under the Civil Service Retirement System; and increases each year at an assumed rate of inflation. Interest, mortality, and inflation rates used in computing the present value are those used by the Board of Actuaries of the Civil Service Retirement System for valuation of the System, based on dynamic assumptions. The present